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Late Arrivals

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(China, South Korea, Mexico, Turkey targeted for initial vote increases) (900)
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(Hadley, Negroponte seek to apply McCain Amendment to CIA) (460)

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IMF Should Give Developing Economies More Power, Committee Says
(China, South Korea, Mexico, Turkey targeted for initial vote increases) (900)

By Carrie Loewenthal
Washington File Special Correspondent

Washington -- The International Monetary Fund (IMF) should work "constructively and expeditiously" to implement policies designed to give developing economies more decision-making power in the organization, according to the IMF's policymaking International Monetary and Financial Committee.

The Committee, comprising the finance ministers of 24 countries, met in Singapore in advance of the annual meeting of the World Bank and the International Monetary Fund, scheduled for September 19-20.

In a communiqué released at the close of the meeting September 17, the Committee said the proposed package of IMF reforms -- which starts with initial vote increases for China, South Korea, Mexico and Turkey -- would upon implementation "make significant progress in realigning quota shares with members' relative position in the world economy, and, equally important, in enhancing the participation and voice of low-income countries in the IMF as set out in the resolution."

The reforms, which will be implemented over the next two years, must be approved by the Fund's Board of Governors, which is expected to vote during this year's annual meeting. The reforms were outlined in a September 1 draft resolution to the IMF Board of Governors. (See related article (<http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2006&m=September&x=20060912132016SAikceinawz0.2876856>).)

The IMF governance is based on a quota system in which the distribution of quotas largely determines countries' financial commitment to the fund and their number of votes. The size of the quota also influences the amount a country can borrow from the fund. Quotas are calculated according to a formula that includes various economic factors, such as gross domestic product (GDP), current account transactions and official international currency reserves. The relative size of the quotas is key because an 85 percent vote is required for many IMF matters.

IMF SURVEILLANCE FRAMEWORK

The Committee's statement also notes the IMF's progress in reforming its surveillance framework to adopt a "multilateral consultation approach."

Surveillance involves monitoring economic and financial policies and conditions in individual countries and consulting with them on the national and international consequences of those policies with the goal of maintaining international monetary stability and preventing crises.

The Committee encouraged "greater focus on financial and capital market issues in the IMF's work," and said it would discuss the effectiveness of the organization's surveillance program at its spring meeting.

The Committee urged the IMF to make its work in low-income countries a top priority "by focusing on sustainable growth and macro-critical areas that support the achievement" of the United Nations Millennium Development Goals (MDGs). (See related article (<http://usinfo.state.gov/is/Archive/2005/Sep/13-285851.html>).)

"The Committee underscores the importance of helping countries reap the benefits of higher aid and debt relief, and avoid a new build-up of unsustainable debt," the communiqué says.

MINIMIZING ECONOMIC THREATS

Addressing the current state of the global economy, the Committee noted growth "is expected to remain robust." Potential downside risks remain, however, and include "a continued build-up of inflationary pressures, a slowdown in consumption in a number of countries, continuing high and volatile energy prices, and the spread of protectionism."

In response to these threats, the Committee said the IMF should support countries in promoting policies to anchor inflation and reduce global imbalances, and support the developing world in adjusting to higher energy prices.

The Committee also called on specific economies to help minimize perceived economic risks. In particular, it urged the United States to boost national savings; Europe to "further progress on growth-enhancing reforms"; Japan to make progress on structural reforms, including fiscal consolidation; Asia to "boost domestic demand" and exercise greater exchange-rate flexibility, and oil-producing countries to increase spending "consistent with absorptive capacity and macroeconomic stability."

DOHA ROUND

The Committee also stressed the importance of trade liberalization and resumption of World Trade Organization (WTO) negotiations on the Doha Development Agenda. (See related article (<http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2006&m=July&x=20060724145101ebyeessedo3.396243e-02>).)

The development agenda, also known as the Doha round, was initiated at the WTO's fourth ministerial conference in Doha, Qatar, in 2001 and has sought to liberalize trade and enhance market access for agricultural products, manufactured goods and services. Negotiations fell into stalemate early on, largely over agricultural trade disputes.

The Committee encouraged WTO members "to maintain the commitment to the rules-based multilateral trading system, resist protectionist calls, and preserve progress that has already been made."

"The Committee calls for leadership from the major trading nations to work urgently toward an early resumption of the negotiations, and an ambitious, successful outcome by the end of the year, based on a commitment to a comprehensive package on agriculture, industrial products, and services, to which all countries will need to contribute," the statement says.

GROWTH IN LOW-INCOME COUNTRIES

Noting positive growth overall in developing countries, including Sub-Saharan Africa, the Committee called for "more effective aid, agreed debt relief, and bold market-opening initiatives" from the developed

world. It also emphasized continued efforts toward achieving the MDGs, saying low-income countries should "persevere with sound macroeconomic policies, strengthening institutions and growth-critical reforms."

The Committee also expressed its desire to see implemented aid-for-trade assistance to developing countries. This development strategy is a trade initiative independent of the Doha round.

For more information on U.S. policy, see Trade and Economics (http://usinfo.state.gov/ei/economic_issues/terrorist_financing.html).

The text (<http://www.imf.org/external/np/cm/2006/091706.htm>) of the communiqué is available on the IMF Web site.

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Administration Officials Call for Clear Interrogation Standards
(Hadley, Negroponte seek to apply McCain Amendment to CIA) (460)

By Michael Jay Friedman
Washington File Staff Writer

Washington -- Administration officials in several television interviews September 17 urged Congress to adopt domestic legislation that defines clearly for Central Intelligence Agency interrogators their obligations under Common Article 3 of the Geneva Conventions.

On June 29, the Supreme Court ruled that Common Article 3 applies to the treatment of detainees and terror suspects in the War on Terror. The Bush administration had contended that the provision, triggered "in the case of armed conflict not of an international character occurring in the territory of one of the High Contracting Parties," was intended to cover civil wars within a nation and not international terrorists.

"Something that everyone thought ... did not apply to al-Qaeda ... now suddenly was applied by the Supreme Court, and the question is how to define what that means," National Security Advisor Stephen Hadley said on ABC's This Week.

Common Article 3 provides that "Persons taking no active part in the hostilities, including members of armed forces" held in detention "shall in all circumstances be treated humanely." It prohibits several broad categories of acts against such persons, including "violence to life and person, in particular murder of all kinds, mutilation, cruel treatment and torture" and "outrages upon personal dignity, in particular humiliating and degrading treatment."

Hadley called these provisions "vague, very ambiguous." Speaking on CNN's Late Edition, he added that "nobody knows what humiliating treatment is. What does it mean?"

"This is not about redefining. It's about clarifying. It's in fact about defining our obligations under Common Article 3," Director of National Intelligence John Negroponte said on the Fox News Sunday program.

Negroponte said that the Bush administration intended neither to alter nor dilute the Geneva protections, but warned CIA interrogations would halt in the absence of a clear domestic legal standard interpreting those protections. Those interrogations have "provided invaluable information that has saved the lives of Americans. Significant plots against our homeland have been disrupted as a result," he said.

The Bush administration has proposed extending to CIA interrogators the standards governing military interrogators under the McCain amendment to the Detainee Treatment Act of 2005.

The McCain amendment barred interrogation procedures not authorized by the United States Army Field Manual on Intelligence Interrogation. It also prohibited "cruel, unusual, and inhumane treatment" and defined that phrase as punishment prohibited by the Fifth, Eighth, and Fourteenth Amendments to the Constitution of the United States, as defined in U.S. reservations to the 1984 United Nations Convention Against Torture.

For more information on U.S. policy, see Detainee Issues (http://usinfo.state.gov/dhr/human_rights/detainees.html).

A transcript (<http://transcripts.cnn.com/TRANSCRIPTS/0609/17/le.01.html>) of Hadley's remarks on CNN's Late Edition is available on the network's Web site.

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